

FREQUENTLY ASKED QUESTIONS

1. What has to be submitted to get a proposed receipt approved?

There are only three items that must be submitted:

A. The proposed receipt including the required "Right to Refund" clause.

B. Translator's Certificate

C. Officer's Certificate

2. Does the Translator's Certificate have to be signed by a certified translator?

No. The Translator's Certificate only needs to be signed by a person who is fluent in English and in the other language on the receipt.

3. Who may sign the Officer's Certificate?

Any company officer who is in a position to know that the receipt submitted is actually being used by the licensee and its agents may sign the Officer's Certificate. Depending on the corporate structure, the list of acceptable officers includes, but is not limited to, the president, the corporate secretary, the operations officer, the domestic manager of a foreign corporation, or any other senior officer who performs similar corporate functions.

4. What are the required parts of a receipt?

The California Financial Code requires eight items to be part of every receipt. The receipt must:

A. Include the name and address of sender (customer).

B. Include the name and address of beneficiary (recipient).

C. List the amount of money, in dollars, that the customer wishes to send. (This is often referred to as the "Net Exchange," "Net Amount," or "Sent Amount.")

B. Clearly indicate the rate of exchange, if the recipient is to receive payment in a currency other than dollars. See #6

C. List the amount of all fees, commissions, and other charges.

D. State the total amount of money the customer is to present to the transmitter.

E. State the total amount to be delivered to the beneficiary. Normally, this amount would equal the net exchange (Item A) times the rate of exchange (Item B). However, sometimes the disbursing party in the beneficiary's country also charges a fee. If the transmitter requires that a specific disbursing party be used in the transmission, the transmitter shall disclose the amount of any additional fees to the customer. If the customer directs the transmitter to use a specific disbursing party, the transmitter must list the total amount it will deliver to the disbursing party.

F. Include the "RIGHT TO REFUND" clause in at least a 10-point bold font EXACTLY as worded below with the transmitter's name and address filling in the appropriate spaces.

RIGHT TO REFUND

You, the customer, are entitled to a refund of the money to be transmitted as the result of this agreement if _____ (name of licensee or its agent) does not forward the money received from you within 10 days of the date of its receipt, or does not give instructions committing an equivalent amount of money to the person designated by you within 10 days of the date of the receipt of the funds from you unless otherwise instructed by you.

If your instructions as to when the moneys shall be forwarded or transmitted are not complied with and the money has not yet been forwarded or transmitted you have a right to a refund of your money.

If you want a refund, you must mail or deliver your written request to _____ (name of licensee or its agent) at _____ (mailing address of licensee or its agent). If you do not receive your refund, you may be entitled to your money back plus a penalty of up to \$1,000 and attorney's fees pursuant to Section 1810.5 of the California Financial Code.

5. What should be the order of the required parts?

The required parts do not need to be listed in a particular order. However, the receipt must be organized so that it is understandable.

6. If a transmitter collects, sends, and delivers only dollars, does it need to include an "exchange rate" on the receipt?

A transmitter may omit an "exchange rate" on the receipt if it collects, sends, and delivers only dollars, subject to the following condition. The receipt must clearly indicate that funds are being collected, sent, and delivered only in dollars. This requirement can be satisfied by preprinting on the receipt "U.S. dollars" or "USD" after each of the following required

parts: "Net Amount or Sent Amount"; "Fees"; "Total Amount Presented"; and "Total Amount to be Delivered to Beneficiary." See #8

7. Does the "Right to Refund" language need to be on the receipt?

No. The "Right to Refund" language can be on the receipt or attached to it.

8. What kinds of changes in an existing approved receipt would necessitate the submission and approval of a new receipt?

Any proposed material change to a receipt must be submitted for Department approval. Examples of material changes include, but are not limited to, the following: changing any language of the required parts; decreasing the font size of any material portions of a receipt; modifying the "Terms and Conditions" of a receipt, if applicable; substantially changing the presentation order of the material elements of the receipt listed under 4, above; or changing other items, such as the licensee, agent and dba matters addressed in numbers 15 and 16, below.

Examples of changes that would not be material and would not require submission to the Department include the following: changing the background color of a receipt; changing a border; changing a telephone number, changing the name and address of an agent, or moving the agent's name from one area of the receipt to another.

9. What is the penalty if a transmitter fails to get approval of a receipt it is using?

A transmitter is subject to a fine of fifty dollars (\$50) for each unapproved receipt it issues.

10. When is a receipt considered "approved"?

The Department will notify a transmitter by letter that its receipt is approved. The date of the approval letter is the date that a receipt is considered approved.

11. What languages, beside English, are required to be on a receipt?

A receipt must be provided in English and in the language principally used by the licensee to advertise, solicit, or negotiate (whether orally or in writing). In addition to the translations required above, the licensee may include translations of additional languages on the receipt. However, the translation into the other languages must be directly from the English. A

copy of the receipt with all translations on or attached to it must be submitted to the Department of Financial Institutions with an appropriate translator's certificate. The receipt must receive Department of Financial Institutions' approval prior to usage.

12. Why must receipts list the net exchange amount as well as the total amount presented by the customer? Aren't they the same thing?

The net exchange amount and total amount presented by the customer are two different things.

The net exchange amount refers to the amount of money that is to be transmitted. The total amount presented includes the net exchange amount plus all fees, commissions, and other charges.

13. Why must receipts list the amount that the beneficiary will receive as well as the net amount? Aren't they the same thing?

They are not the same thing. The net exchange amount refers to the amount of money that is transmitted to the disbursing party in the foreign country. However, if the disbursing party charges a fee, then the amount to be distributed to the beneficiary would be less than the net exchange amount. See 4E, above.

14. Is it OK to send an automatic confirmation for online transactions to let the customer know that the order has been received and is in process and then send a standard receipt once the money is transmitted?

An approved electronic receipt must be issued to the customer by email as soon as he or she submits an order online. A generic, automatically generated confirmation email may not be used in lieu of an approved receipt even if an approved receipt is eventually mailed to the customer.

15. Is the licensee's name required to be on every receipt, even those issued by an agent of the licensee?

Yes, the licensee's name must be on the face of each receipt issued by the licensee or its agents. In addition, the licensee's name must also be disclosed in the "right to refund" statement that must be physically attached to the receipt.

16. Does a licensee have to use its own name at each place of business or may it use a dba ("Doing Business As") or fictitious name?

A licensee may use a dba that is different from the licensee's name, but

each dba must be registered with the Department of Financial Institutions prior to conducting any business under that dba name. Furthermore, each receipt issued must clearly identify the licensee on its face. See #15, above.